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Central Intelligence Agency

Washington, D.C. 20505

OLL 85-2534

The Honorable Lee H. Hamilton
Chairman
Permanent Select Committee on Intelligence
House of Representatives
Washington, D.C. 20515

Dear Lee:

I am writing to you concerning a matter of great importance to the Agency--the need to ensure the integrity of mission-oriented retirement systems for Central Intelligence Agency (CIA) personnel. The Agency's ability to attract and retain high caliber, career-oriented employees dedicated to the mission of CIA is vital to the continued health and effectiveness of this nation's professional intelligence service. To accommodate the unique mission and retirement needs of the Agency, I have prepared and sent to the Office of Management and Budget a separate legislative proposal which will permit the Agency to administer retirement programs specifically designed to meet the security and management needs of the Agency. I would appreciate your consideration of and assistance in our effort to maintain a retirement program that meets the special needs of the CIA work force.

I appreciate the considerable challenge facing the Congress in restructuring the retirement program for new Federal employees. Senators Roth and Stevens' recently introduced bill, S. 1527, is a thoughtful effort to provide a sensible retirement plan for these employees. It increases employee flexibility while insuring a financially sound Federal retirement system. The general design of your proposed retirement system for new employees and the Agency proposal under consideration are similar in many respects.

Both S. 1527 and the Agency proposed plan for post-1984 employees include, in addition to Social Security, a defined benefit plan and a capital accumulation plan. The Agency proposal attempts through this three tier retirement package to provide newly hired employees with benefits similar to those available to employees currently participating in the Central Intelligence Agency Retirement and Disability System (CIARDS) and the Civil Service Retirement System (CSRS).

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The Agency proposal differs somewhat from S. 1527, however, in the need to ensure greater uniformity in the ages at which current CSRS and CIARDS participants and post-1984 CIA employees are eligible for retirement, and in the greater degree of administrative control provided to the CIA to maintain a retirement program tailored to its special needs. The Agency's proposed retirement program attempts to reinforce and continue a career pattern for Agency employees which is essential for CIA to remain a vigorous and effective intelligence service. This career track encourages employees to start Agency service at a young age, to continue in this service (in order to avoid high attrition and the security risks entailed in creating a highly transient work force beyond the control of the Agency's security ethic), and to provide retirement at an age that recognizes the substantial burn out that is part of a stressful career involved in highly classified work, frequently in a hostile overseas environment.

In an increasingly dangerous and complex world, this country's intelligence service must be able to recruit highly skilled individuals with diverse abilities in foreign languages and cultures, political and economic affairs, and high tech engineering, computer and other scarce skills. Agency employees are asked to perform these diverse tasks subject to unique personal constraints required by the security and cover requirements of the Agency's mission, and frequently in an overseas environment fraught with health, emotional, and terrorist risks. The individuals required to serve in this environment are equally well qualified for high paying jobs in private industry and remain at the Agency out of a sense of duty and because of an Agency retirement system which permits them to reasonably pursue a second career when departing from the Agency. The ability of Agency employees to retire at age 55 with 30 years of service (CSRS), or at age 50 with 20 years of service (CIARDS), is an essential part of a career track which retains top flight personnel at the Agency. Our attrition rates are among the lowest in the government, and this is due in a large part to successful personnel management retirement policy.

The Agency's proposal would permit the CIA to administer a retirement system for all Agency employees, including those currently under CIARDS and CSRS. This proposed Agency retirement system contains features which we believe are essential to effectively serve the special security and managerial needs of the Agency. The proposed system would bring all Agency employees under the CIARDS system and would permit new employees to retire at comparable ages and with benefits similar to employees presently under CIARDS and CSRS with whom they work on a daily basis.

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I would appreciate any comments you may have on this basic idea of an Agency-administered retirement system. A more detailed explanation of the need for a separate Agency retirement system is being forwarded to the Senate Governmental Affairs Committee in connection with its upcoming hearing on S. 1527 and will be provided to you when it is finalized. I have asked the Directors of our Offices of Personnel and Legislative Liaison to stand ready to answer questions that you may have concerning our Agency retirement needs and our proposed retirement system.

I look forward to working with you in seeking legislation which will ensure that the Agency continues to have the human resources and capabilities needed to perform its vital national security function.

Sincerely,

William J. Casey
Director of Central Intelligence

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